GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:1012
ANSWERED ON:04.12.2015
World Bank Data on Poverty
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Will the Minister of PLANNING be pleased to state:

(a) whether the Government has taken note of the data released by the World Bank recently on India"s population below poverty line and if so, the details thereof;

(b) whether the estimated figures in the data released by the World Bank vary with the estimated figures of the Rangarajan Expert Group and the Tendulkar Expert Group in the country; and

(c) if so, the details thereof along with the reaction of the Government thereto?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MINISTRY OF PLANNING
AND MINISTER OF STATE FOR DEFENCE
RAO INDERJIT SINGH

(a): The World Bank's Policy Research Note titled "Ending Extreme Poverty and Sharing Prosperity: Progress and Policies" released in October, 2015, states that India was home to the largest number of poor in 2012, but its poverty rate is one of the lowest among those countries with the largest number of poor. The World Bank estimates poverty in India using large sample survey data on Household Consumer Expenditure collected by National Sample Survey Office (NSSO) in its quinquennial rounds. The latest such survey was done in 2011-12. In 68th round of survey conducted in 2011-12, NSSO generated three estimates of distribution of Monthly Per- Capita Consumption Expenditure (MPCE) depending upon the reference period for which the data is collected for different items. These three MPCE measures are as follows:

(i) Uniform Reference Period MPCE (or MPCEURP): This is the measure of MPCE obtained when household consumer expenditure on each item is recorded for a reference period of "last 30 days" (preceding the date of survey).

(ii) Mixed Reference Period MPCE (or MPCEMRP): This is the measure of MPCE obtained when household consumer expenditure on items of clothing and bedding, footwear, education, institutional medical care, and durable goods is recorded for a reference period of "last 365 days", and expenditure on all other items is recorded with a reference period of "last 30 days".

(iii) Modified Mixed Reference Period MPCE (or MPCEMMRP): This is the measure of MPCE obtained when household consumer expenditure on edible oil, egg, fish and meat, vegetables, fruits, spices, beverages, refreshments, processed food, pan, tobacco and intoxicants is recorded for a reference period of "last 7 days", and for all other items, the reference periods used are the same as in case of Mixed Reference Period MPCE (MPCEMRP).

For 2011-12, the World Bank has estimated India's poverty rate using URP based consumption expenditure as 21.2 percent. It also mentions that India's poverty ratio for the same year on the basis of MMRP consumption expenditure translates to 12.4 percent.

(b) & (c): The Tendulkar Expert Group used MRP based consumption expenditure of NSSO to derive poverty estimates. The erstwhile Planning Commission estimated poverty for 2011-12 based on the methodology recommended by Tendulkar Expert Group as 21.9 percent. The Expert Group under the Chairmanship of Dr. C. Rangarajan has recommended the use of MMRP based consumption expenditure of NSSO to derive poverty estimates. The poverty ratio for India based on Rangarajan Expert Group is 29.5 percent during 2011-12.

The poverty estimates given by World Bank, Tendulkar Expert Group and Rangarajan Expert Group vary due to differences in methodologies used.